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Governor

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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

November 1, 2011

Althea Crapo
Russ Henry
350 East 300 South
PO Box 1113
Delta, Utah 84624

Subject: Conditional Approval of Amended Notice of Intention to Commence Small Mining Operations, The Bug House, ML 27618 and ML 51615, S/025/0025, Kane County, Utah

Dear Ms. Crapo and Mr. Henry:

The Division of Oil, Gas and Mining intends to help you work through the permitting issues surrounding your Septarian mine. Tom Munson met with you on September 19, 2011, and hopefully resolved some of the outstanding issues. The Division received your application to revise a Notice of Intention to Commence Small Mining Operation (NOI) on July 15, 2009. This was for permit S/025/0025 mine name: ML 27618. The application was a request to move your mine from State Mineral Lease ML27618 (NW ¼ NW ¼ of Section 36 Township 40 South, Range 8 West SLBM) to State Mineral Lease ML51615 (NW ¼ SW ¼ Section 31, Township 40 South, Range 7 West SLBM) which is approximately 1 mile to the southwest. The information that was provided was initially considered insufficient, but you submitted a map and a letter outlining your intent on December 29, 2010.

The Division preformed a site inspection of Mineral Lease 27618 on April 19, 2011, and found some outstanding slope stability concerns. A plan was formulated to monitor this area and re-inspect on July 1, 2012, to determine if this area is suitable for release. The following issues must be resolved before the site can be released:

1. You need to sign and agree to the attached bond schedule by November 15, 2011, and return this to the Division. Your first payment will be due on November 30, 2011.
2. The Division will inspect the reclamation of ML27618 on about July 1, 2012, and determine if more regrading work needs to be done to stabilize the area. If additional regrading work is needed, this work will be agreed upon at this time and completed within 15 days of this meeting. If the area appears stable the Division will release



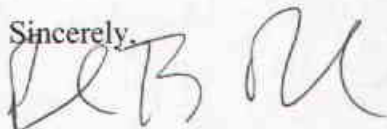
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ML27618 at this time, except for any revegetation concerns, if they exist.

3. You need to update your NOI to reflect who is responsible for the permit. Please complete and sign the new NOI pages that are attached. Please also sign and return the amendment form. The portions of these forms you need to fill out have been highlighted. The Division will replace the current NOI with the updated versions, using the maps already submitted.

If you have any questions regarding this letter, please call me at 801-538-5261, Peter Brinton at 801-538-5258, or Tom Munson at 801-538-5321. In reply, please refer to file number S025/0025. Thank you for your cooperation.

Sincerely,


Paul B. Baker
Minerals Program Manager

PBB:tm:eb
Enclosures: Payment Schedule
Form MR-SMO
Form MR-REV-SMO/EXP
cc: Will Stokes SITLA – wstokes@utah.gov
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